CENTER FOR ADVANCED ENERGY STUDIES

995 UNIVERSITY DRIVE

IDAHO FALLS, IDAHO

SEPTEMBER 27-29

The Interim Committee on Energy, Environment, and Technology members were welcomed by Dr. Dave Hill and Dr. Harold Blackman who provided an update on the Center for Advanced Energy Studies (CAES). The center is heavily subsidized by the Department of Energy (DOE) and is looking for partnerships with private, state, and public sectors to continue the work which has been going on the last few years. The Center, funded with $8.2 million in competitive grants and a $1.6 million state investment, supports collaborative research and education for the next generation of energy professionals at Idaho’s three universities.

The committee then heard presentations from Dan John, Idaho State Tax Commission, who discussed the sunset clause on sales tax rebates. The rebates were created four years ago under Idaho Code 63-3622 QQ and have provided $10.4 million to qualifying solar, wind, and biomass projects. The committee heard from a number of entities who believe that, if the rebates sunset as scheduled on June 30th, 2011, it will place Idaho wind generators at a major disadvantage in competing for regional wind projects with the states of Washington, Montana and Wyoming.

Gregory Cade, Idaho State Tax Commission, reported on the 3% gross receipts tax in lieu of property tax. Since 2008, the legislation exempts wind generators and geothermal facilities from property taxes but provides tax revenues based upon gross receipts. These receipts go to the counties where the facilities are located. In 2008-2010, gross tax receipts were $1,401,563 for wind and geothermal facilities.

The interim committee members are generally supportive of the rebate and gross tax receipts programs, but again the 2011 Legislature must decide whether or not to continue the rebates as a way to incentivize renewable energy in Idaho. Scott Vanevenhoven, Idahoans for Responsible Wind Energy, presented information about wind generation in Bonneville County where a total of 458 wind mills are proposed for construction. Of those 458, 75 windmills are currently operating in the Idaho Falls area; another 125 are already approved; and the remainder is awaiting action from the Bonneville County Planning and Zoning Commission.

Bob Bramer, Idaho Department of Lands (IDL) said the department is proposing four draft pieces of legislation which fits into a process being developed to help geothermal development on state lands. The first piece would give the Land Board the ability to require sufficient bonds for reclamation and all damages to land surface and improvements. The second piece of legislation would increase geothermal leases from 10 years to 49 years. The third piece of legislation would allow the land board to determine the surface area covered by a geothermal lease issue under Idaho Code Chapter 47. The fourth and last piece of draft legislation would allow the Board of Land Commissioners to determine the rental and royalty which would be based on market value produced from the lands under lease. These pieces of legislation would allow IDL to do a phased lease for geothermal resources.

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**Upcoming Events**

Using a 49 phased lease process, Phase 1 would allow for up to 36 months to explore and/or construct a pilot project; Phase 2 would involve development or construction of the resource which could take another 36 months; and Phase 3 would cover up to 35 years of operations; The last 9 to 12 years of the project, Phase 4, might consist of decommissioning or rehabilitation, or renewing the lease for an extended time frame. During any phase, the Land Board would be able to determine the viability of the lease and make decision to continue or terminate the project.

Other presentations included an update from Mark Stokes of Idaho Power Company, on its 2011 Integrated Resource Plan IRP. Idaho Powers IRP website: <http://www.idahopower.com/AboutUs/PlanningForFuture/irp/2011/default.cfm>.; a power point presentation from Monsanto entitled “Utilizing Interruptible Power to Firm Up Non-firm Renewable Resources” that will be available on the Legislative Services website; and a talk from Rich Walje, president of Rocky Mountain Power (RMP), on what they are doing for renewable resources. Walje said that RMP’s efforts to slowly phase out its coal plants and replace them with other resources will come at a cost to the rate customer.

On Wednesday the committee took a tour of a wind farm in the Idaho Falls area.

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